



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF REVENUE

State of Rhode Island Revenue Assessment Report
Year-to-Date FY 2011 through October 2010

The monthly revenue assessment report compares revenue collections on a fiscal year-to-date basis to the Office of Revenue Analysis' fiscal year-to-date estimate of revenue collections based on the current fiscal year revenue estimate. It should be noted that the fiscal year revenue estimate will vary over the course of the fiscal year as the Revenue Estimating Conference (see RI General Law § 35-16-1) convenes and modifies the revenue estimates originally enacted by the General Assembly.

The purpose of the Revenue Assessment Report is to give readers a sense of how the state's revenue collections compare to those that might be expected if the official revenue estimate was being met in a predictable way. Caution should be exercised when interpreting this report as actual collections may vary significantly from past collection patterns. In addition, it is important for the reader to understand that enacted and adopted revenue estimates are made on an accrual not a cash basis. Revenue accruals are not determined until at least one month after the close of the fiscal year in June. Thus, even if the assessment of actual fiscal year-to-date revenue collections trails the fiscal year-to-date revenue estimates, it is possible for the fiscal year end accrual to make up any shortfall.

In prior reports, the Departmental Receipts adjusted cash collections figures failed to take into account that \$7.1 million of disproportionate share revenues received by Eleanor Slater Hospital in July 2010 were accrued back to FY 2010. The effect of this omission was to overstate the amount by which fiscal year-to-date adjusted cash collections exceeded expected enacted revenues. Beginning with the October 2010 report this oversight has been corrected and the tables from the prior reports have been corrected and included with this report for completeness. The Office of Revenue Analysis apologizes for any misunderstandings of the state's revenue situation that may have resulted from this error.

Fiscal Year-to-Date Estimate of Enacted FY 2011 Revenues

In order to determine the expected year-to-date revenue collections based on the FY 2011 revenue estimate enacted by the General Assembly on June 4, 2010, the Office of Revenue Analysis first determines the average percentage of total adjusted cash collections that occurred in a given month over the past five fiscal years. For Inheritance and Gift taxes the past ten fiscal

years are used. In the case of Other Miscellaneous Revenues and the Unclaimed Property transfer, the actual year-to-date collections are used due to the discrete and unpredictable nature of the timing of these receipts. These percentages are then applied to the enacted FY 2011 revenue estimate for each revenue item.

Thus, for example, the enacted revenue estimate for Sales and Use taxes for FY 2011 is \$787.0 million. The average percentage of adjusted cash total Sales and Use taxes that were collected through October of the fiscal year over the past five fiscal years is approximately 36.0 percent. This percentage applied to the FY 2011 enacted estimate for Sales and Use taxes yields the Year-To-Date October Estimate of Enacted FY 2011 Sales and Use taxes of \$283.2 million. This process is repeated for all enacted revenue items except Other Miscellaneous Revenues and the Unclaimed Property Transfer.

The table below provides the rounded five year average percentages for year-to-date collections through October:

Revenue Item	Percent of Total Collected through Fiscal YTD	Revenue Item	Percent of Total Collected through Fiscal YTD
Personal Income Tax		Motor Vehicles	23.8 %
Estimated Payments	27.1 %	Motor Carrier Fuel	23.4 %
Final Payments	12.4 %	Cigarettes	35.6 %
Withholding Payments	30.5 %	Alcohol	33.8 %
Refunds Paid	10.3 %	Inheritance & Gift	36.7 %
Business Corporations Taxes	11.2 %	Racing & Athletics	34.4 %
Public Utilities Gross Earnings	0.9 %	Realty Transfer	39.7 %
Financial Institutions Taxes	2.1 %	Departmental Rcpts.	27.8 %
Insurance Co. Gross Premiums	-0.2 %	Lottery	25.0 %
Bank Deposits	3.9 %	Other Misc. Revs.	n/a
Health Care Provider Assessment	32.7 %	Unclaimed Property	0.0 %
Sales and Use Tax	36.0 %		

It should be noted that the FY 2011 Health Care Provider Assessment consists only of an assessment on nursing homes. Also, in the 2010 session, the General Assembly passed legislation signed by the Governor that prohibits the running of live greyhound races anywhere in the state in FY 2011 and beyond. As a result, Racing and Athletics taxes now consist only of a tax on simulcast wagering. In addition, the "Percent of Total Collected through Fiscal YTD" for Departmental Receipts is calculated excluding Hospital Licensing Fee revenues, which are large, made only once in the fiscal year, and not always at the same time each fiscal year.

Finally, the Lottery transfer does not begin in a given fiscal year until August while the Unclaimed Property transfer occurs in June of each fiscal year.

The enacted FY 2011 revenue estimates passed into law by the General Assembly on June 4, 2010 by revenue item are as follows:

Revenue Item	Enacted FY 2011 Estimate	Revenue Item	Enacted FY 2011 Estimate
Personal Income Tax		Motor Vehicles	\$48,500,000
Estimated Payments	\$ 185,500,000	Motor Carrier Fuel	1,000,000
Final Payments	177,200,000	Cigarettes	134,000,000
Withholding Payments	888,400,000	Alcohol	11,700,000
Refunds Paid	(311,600,000)	Inheritance & Gift	27,600,000
Business Corporations Taxes	119,000,000	Racing & Athletics	1,300,000
Public Utilities Gross Earnings	98,000,000	Realty Transfer	6,900,000
Financial Institutions Taxes	1,000,000	Departmental Rcpts..	345,226,745
Insurance Co. Gross Premiums	101,250,000	Lottery	346,138,520
Bank Deposits	2,200,000	Other Misc. Revs	5,331,000
Health Care Provider Assessment	39,800,000	Unclaimed Property	6,000,000
Sales and Use Tax	787,000,000		
		Total General Revenues	\$3,019,846,265

Results for the First Four Months of FY 2011

The attached table gives the results for the first four months of FY 2011. As is apparent from the table, the Department of Revenue finds that adjusted year-to-date October cash collections for Total General Revenues exceed expected revenue collections based on the enacted FY 2011 revenue estimates by \$31.6 million, or 3.8 percent. In Total Taxes, the variance from enacted expected revenues is \$29.8 million, or 4.3 percent. For Departmental Receipts, the difference from enacted expected revenues is \$877,396 or 1.6 percent. For Other General Revenue Sources, fiscal year-to-date October adjusted cash collections are more than the enacted estimate by \$951,179 or 1.1 percent.

It is important to note that six revenue items have adjusted cash collections that exceed enacted expected revenues by \$1.0 million or more. Within taxes, Personal Income Tax adjusted cash collections have the largest positive difference from expected enacted revenues with a variance of \$11.5 million or 3.7 percent. It should be noted that fiscal year-to-date Personal Income Tax adjusted cash collections include \$992,283 of reimbursed Historic Structures Tax Credits. Adjusted Business Corporations Tax cash collections exceed expected enacted collections by

\$6.7 million or 50.0 percent. It should be noted that fiscal year-to-date Business Corporations Taxes adjusted cash collections include \$484,362 of reimbursed Historic Structures Tax Credits. Sales and Use Tax adjusted cash collections exceed enacted revenues by \$5.8 million or 2.0 percent. The adjusted Motor Vehicle License and Registration cash collections exceed expected enacted revenues by \$4.7 million or 40.7 percent. Finally, Financial Institutions, Insurance Companies Gross Premiums, Health Care Provider Assessment, Cigarettes, Alcohol, Motor Carrier Fuel Use taxes', Departmental Receipts and Lottery Transfer adjusted cash collections are all greater than expected enacted revenues by less than \$1.0 million through the fourth month of the fiscal year. It should be noted that fiscal year-to-date Insurance Companies Gross Premiums adjusted cash collections include \$974 of reimbursed Historic Structures Tax Credits.

On the negative side, no revenue items have adjusted cash collections that trail enacted expected revenues by more than \$1.0 million. Public Utilities Gross Earnings, Bank Deposits, Inheritance and Gift, Racing and Athletics and Realty Transfer taxes' adjusted cash collections, however, are below expected enacted revenues by less than \$1.0 million through October of FY 2011.



Rosemary Booth Gallogly, Acting Director
Department of Revenue

November 4, 2010

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Year-to-Date Estimate to Actual

	YTD October Estimate of FY 2011	YTD October Adjusted Cash FY 2011	Difference	Variance
Personal Income Tax	\$ 311,094,682	\$ 322,592,271	\$ 11,497,589	3.7%
General Business Taxes				
Business Corporations	13,309,702	19,968,605 *	6,658,903	50.0%
Public Utilities Gross Earnings	923,033	872,684 **	(50,349)	-5.5%
Financial Institutions	20,653	108,570 ***	87,917	425.7%
Insurance Companies	(209,458)	635,603	845,061	-403.5%
Bank Deposits	85,924	4,241	(81,683)	-95.1%
Health Care Provider Assessment	12,996,968	13,455,618	458,650	3.5%
Excise Taxes				
Sales and Use	283,154,678	288,952,712	5,798,034	2.0%
Motor Vehicle	11,486,099	16,156,422	4,670,323	40.7%
Motor Fuel	234,238	270,753	36,515	15.6%
Cigarettes	47,683,777	48,599,090	915,313	1.9%
Alcohol	3,958,301	4,068,204	109,903	2.8%
Other Taxes				
Inheritance and Gift	10,119,823	9,218,778	(901,045)	-8.9%
Racing and Athletics	446,753	434,769	(11,984)	-2.7%
Realty Transfer	2,738,134	2,482,699	(255,435)	-9.3%
Total Taxes	\$ 698,043,308	\$ 727,821,019	29,777,712	4.3%
Total Departmental Receipts	\$ 56,546,024	\$ 57,423,420 ^	877,396	1.6%
Taxes and Departmentals	\$ 754,589,331	\$ 785,244,439	30,655,108	4.1%
Other General Revenue Sources				
Other Miscellaneous Revenues	183,676 +	183,676 ^^	-	0.0%
Lottery Transfer	86,633,496	87,584,675 ^^	951,179	1.1%
Unclaimed Property	-	-	-	n/a
Total Other Sources	\$ 86,817,172	\$ 87,768,351	951,179	1.1%
Total General Revenues	\$ 841,406,504	\$ 873,012,790	31,606,286	3.8%

* Adjusts for \$7.2 million in Business Corporations cash receipts received in September that was accrued back to FY 2010.

** Adjusts for \$3.3 million in Public Utilities Gross Earnings cash receipts received in July that was accrued back to FY 2010.

*** Adjusts for \$1.7 million in Financial Institutions cash receipts that were issued as a refund in October that was accrued back to FY 2010.

^ Adjusts for \$120,952,867 in Hospital Licensing Fees cash receipts and \$7.1 million in disproportionate share revenues received in FY 2011 that were accrued back to FY 2010.

^^ Adjusts for \$1.8 million in Other Miscellaneous Revenues cash receipts received in FY 2011 that were accrued back to FY 2010.

^^^ Adjusts for \$1.6 million in Lottery Transfer cash receipts received in October 2010 that were accrued back to FY 2010.

+ Set equal to actual amounts received due to general receipt of transfers in June.

PIT Component	YTD Estimates	YTD Actuals	Difference	Variance
Estimateds	\$ 50,329,974	\$ 39,195,950	\$ (11,134,024)	-22.1%
Finals	21,955,871	20,138,328	(1,817,543)	-8.3%
Withholding	270,869,193	284,450,053	13,580,860	5.0%
Refunds	(32,060,357)	(21,192,061)	10,868,296	-33.9%
Total	\$ 311,094,682	\$ 322,592,271	\$ 11,497,589	3.7%

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Year-to-Date Estimate to Actual

	<u>CORRECTED</u>		<u>CORRECTED</u>		<u>Difference</u>	<u>Variance</u>
	YTD September Estimate of FY 2011		YTD September Adjusted Cash FY 2011			
Personal Income Tax	\$ 238,404,410		\$ 247,496,343		\$ 9,091,933	3.8%
General Business Taxes						
Business Corporations	14,166,803		19,313,759 *		5,146,956	36.3%
Public Utilities Gross Earnings	739,424		573,123 **		(166,301)	-22.5%
Financial Institutions	(13,004)		112,880		125,884	-968.0%
Insurance Companies	(561,933)		32,997		594,930	-105.9%
Bank Deposits	87,365		4,241		(83,124)	-95.1%
Health Care Provider Assessment	9,636,430		10,038,256		401,826	4.2%
Excise Taxes						
Sales and Use	215,411,236		224,536,382		9,125,146	4.2%
Motor Vehicle	7,077,468		10,849,855		3,772,387	53.3%
Motor Fuel	164,048		196,246		32,198	19.6%
Cigarettes	35,822,867		37,810,421		1,987,554	5.5%
Alcohol	3,008,219		3,129,021		120,802	4.0%
Other Taxes						
Inheritance and Gift	7,444,905		7,073,570		(371,335)	-5.0%
Racing and Athletics	335,777		341,886		6,109	1.8%
Realty Transfer	2,151,559		1,886,174		(265,385)	-12.3%
Total Taxes	\$ 533,875,574		\$ 563,395,154		29,519,581	5.5%
Total Departmental Receipts	\$ 36,936,300		\$ 37,501,496 ^		565,196	1.5%
Taxes and Departmentals	\$ 570,811,873		\$ 600,896,650		30,084,777	5.3%
Other General Revenue Sources						
Other Miscellaneous Revenues	135,243 +		135,243 ^^		-	0.0%
Lottery Transfer	58,871,285		59,784,742		913,457	1.6%
Unclaimed Property	- +		-		-	n/a
Total Other Sources	\$ 59,006,528		\$ 59,919,985		913,457	1.5%
Total General Revenues	\$ 629,818,402		\$ 660,816,635		30,998,234	4.9%

* Adjusts for \$7.2 million in Business Corporations cash receipts received in September that was accrued back to FY 2010.

** Adjusts for \$3.3 million in Public Utilities Gross Earnings cash receipts received in July that was accrued back to FY 2010.

^ Adjusts for \$120,952,867 in Hospital Licensing Fees cash receipts and \$7.1 million in disproportionate share revenues received in FY 2011 that were accrued back to FY 2010.

^^ Adjusts for \$985,560 in Other Miscellaneous Revenues cash receipts received in July that was accrued back to FY 2010

+ Set equal to actual amounts received due to general receipt of transfers in June.

PIT Component	YTD Estimates		YTD Actuals		Difference	Variance
Estimateds	\$ 45,810,669		\$ 35,857,035		\$ (9,953,634)	-21.7%
Finals	10,181,766		15,001,748		4,819,981	47.3%
Withholding	202,494,403		212,813,094		10,318,691	5.1%
Refunds	(20,082,428)		(16,175,533)		3,906,894	-19.5%
Total	\$ 238,404,410		\$ 247,496,343		\$ 9,091,933	3.8%

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Year-to-Date Estimate to Actual

	<u>CORRECTED</u>		<u>CORRECTED</u>			
	YTD August Estimate of FY 2011		YTD August Adjusted Cash FY 2011		Difference	Variance
Personal Income Tax	\$ 133,545,248		\$ 146,522,671		\$ 12,977,423	9.7%
General Business Taxes						
Business Corporations	3,246,261		7,036,293		3,790,032	116.8%
Public Utilities Gross Earnings	663,700		366,753		(296,947)	-44.7%
Financial Institutions	(91,256)		130,396		221,652	-242.9%
Insurance Companies	164,343		231,411		67,068	40.8%
Bank Deposits	40,743		4,241		(36,502)	-89.6%
Health Care Provider Assessment	6,314,670		6,585,518		270,848	4.3%
Excise Taxes						
Sales and Use	145,528,375		152,057,654		6,529,279	4.5%
Motor Vehicle	3,718,033		5,052,808 ^		1,334,774	35.9%
Motor Fuel	116,677		155,477		38,800	33.3%
Cigarettes	23,858,453		24,986,334		1,127,881	4.7%
Alcohol	2,103,590		2,264,750		161,160	7.7%
Other Taxes						
Inheritance and Gift	4,230,469		5,744,225		1,513,756	35.8%
Racing and Athletics	238,070		222,108		(15,962)	-6.7%
Realty Transfer	1,461,476		1,356,588		(104,888)	-7.2%
Total Taxes	\$ 325,138,853		\$ 352,717,227		27,578,374	8.5%
Total Departmental Receipts	\$ 25,515,354		\$ 23,487,141 *		(2,028,213)	-7.9%
Taxes and Departmentals	\$ 350,654,207		\$ 376,204,368		25,550,161	7.3%
Other General Revenue Sources						
Other Miscellaneous Revenues	31,857 **		31,857		-	0.0%
Lottery Transfer	29,523,235		30,595,688		1,072,453	3.6%
Unclaimed Property	-	**	-		-	
Total Other Sources	\$ 29,555,092		\$ 30,627,545		1,072,453	3.6%
Total General Revenues	\$ 380,209,299		\$ 406,831,913		26,622,614	7.0%

^ Backs out \$1.8 million of interstate trucking payments made in June 2010 for FY 2010. In the previous five fiscal years, this payment had been made in July of the following fiscal year.

* Adjusts out \$119,964,969 in Hospital Licensing Fees and \$7.1 million in disproportionate share revenues received in FY 2011 that were accrued back to FY 2010.

** Set equal to actual amounts received due to receipt of transfers in June.

PIT Component	YTD Estimates		YTD Actuals		Difference	Variance
Estimateds	\$ 6,482,638		\$ 5,904,646		\$ (577,992)	-8.9%
Finals	6,424,526		7,331,657		907,130	14.1%
Withholding	135,691,890		145,489,988		9,798,098	7.2%
Refunds	(15,053,807)		(12,203,620)		2,850,187	-18.9%
Total	\$ 133,545,248		\$ 146,522,671		\$ 12,977,423	9.7%

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Year-to-Date Estimate to Actual

	<u>CORRECTED</u>		<u>CORRECTED</u>			
	YTD July Estimate of FY 2011		YTD July Adjusted Cash FY 2011		Difference	Variance
Personal Income Tax	\$ 61,413,187		\$ 67,835,708		\$ 6,422,521	10.5%
General Business Taxes						
Business Corporations	337,501		3,517,835		3,180,334	942.3%
Public Utilities Gross Earnings	510		356,446		355,936	69752.3%
Financial Institutions	303		(192,710)		(193,013)	-63720.2%
Insurance Companies	279,008		147,269		(131,739)	-47.2%
Bank Deposits	213		-		(213)	
Health Care Provider Assessment	247,785		3,160,820		2,913,035	1175.6%
Excise Taxes						
Sales and Use	73,692,932		75,697,329		2,004,397	2.7%
Motor Vehicle	708,286		2,194,870 ^		1,486,584	209.9%
Motor Fuel	80		72,564		72,484	90856.7%
Cigarettes	11,854,523		12,840,861		986,338	8.3%
Alcohol	85,916		1,244,794		1,158,878	1348.8%
Other Taxes						
Inheritance and Gift	273,823		1,520,944		1,247,121	455.4%
Racing and Athletics	110,101		93,444		(16,657)	-15.1%
Realty Transfer	77,724		649,450		571,726	735.6%
Total Taxes	\$ 149,081,892		\$ 169,139,624		20,057,731	13.5%
Total Departmental Receipts	\$ 9,283,748		\$ 9,524,115 *		240,367	2.6%
Taxes and Departmentals	\$ 158,365,641		\$ 178,663,739		20,298,098	12.8%
Other General Revenue Sources						
Other Miscellaneous Revenues	720 **		720		-	0.0%
Lottery Transfer	-		-		-	
Unclaimed Property	-	**	-		-	
Total Other Sources	\$ 720		\$ 720		-	0.0%
Total General Revenues	\$ 158,366,361		\$ 178,664,459		20,298,098	12.8%

^ Backs out \$1.8 million of interstate trucking payments made in June 2010 for FY 2010. In the previous five fiscal years, this payment had been made in July of the following fiscal year.

* Adjusts out \$119,471,020 in Hospital Licensing Fees and \$7.1 million in disproportionate share revenues received in FY 2011 that were accrued back to FY 2010.

** Set equal to actual amounts received due to receipt of transfers in June.

PIT Component	YTD Estimates		YTD Actuals		Difference	Variance
Estimateds	\$ 3,156,115		\$ 3,558,995		\$ 402,880	12.8%
Finals	2,964,004		3,310,579		346,574	11.7%
Withholding	63,998,154		68,069,624		4,071,470	6.4%
Refunds	(8,705,085)		(7,103,489)		1,601,596	-18.4%
Total	\$ 61,413,187		\$ 67,835,708		\$ 6,422,521	10.5%